

RECORDATION NO. **23541** (12)

JUN 29 '01 3:08 PM
TS
SURFACE TRANSPORTATION BOARD

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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

June 29, 2001

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Mortgage, dated as of June **29**, 2001, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Debtor:	Babcock & Brown Rail Funding LLC 599 Lexington Avenue New York, NY 10022
Secured Party:	Bayerische Hypo-Und Vereinsbank AG, Agent FPA 4 Lease/Asset Finance Am Tucherpark 1 (FPA) 80538 Munich Germany

A description of the railroad equipment covered by the enclosed document is:

One Thousand and Twenty (1020) railcars: BCOL 873600 – BCOL 873649 (not including BCOL 873615 and BCOL 873640); BNSF 728225 – BNSF 728399; CEFX 60360 - CEFX 60719; FLIX 3500 – FLIX 3899; and TIMX 62000 – TIMX 62044, all inclusive except where otherwise indicated.

Mr. Vernon A. Williams
June 29, 2001
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A short summary of the document to appear in the index is:

Memorandum of Mortgage, dated as of June ~~29~~, 2001, between Babcock & Brown Rail Funding LLC, Debtor, and Bayerische Hypo-Und Vereinsbank AG (as Agent), Secured Party.

Also enclosed is a check in the amount of \$28.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. Alvord", written in a cursive style.

Robert W. Alvord

RWA/anm
Enclosures

MEMORANDUM OF MORTGAGE


Memorandum of Mortgage, made and entered into as of June 29, 2001 by BABCOCK & BROWN RAIL FUNDING LLC, (the "**Debtor**") in favor of BAYERISCHE HYPO- UND VEREINSBANK AG, as Agent under the Security Agreement referred to below (together with its successors and permitted assigns, the "**Secured Party**"). Terms used in this instrument have the meanings assigned thereto in the Security Agreement dated as of December 1, 2000 between the Secured Party and the Debtor (as supplemented, including by Security Agreement Supplement No. 2 dated the date hereof, the "**Security Agreement**").

WITNESSETH:

The undersigned has entered into the Security Agreement, under which the Debtor has granted a security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto and in each lease referred to on Exhibit B attached hereto to the Secured Party in order to secure the Debtor's performance of its obligations as described in the Security Agreement.

IN WITNESS WHEREOF, the party hereto has caused this memorandum to be duly executed by an officer duly authorized as of the date and year first above written.

BABCOCK & BROWN RAIL FUNDING LLC

By: 
Name: Victoria McManus
Title: Vice President

NEWYORK/#76738.3
31256.00.0007

Memorandum of Mortgage

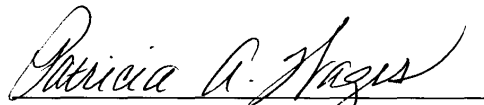
REGISTRATION NO. 23541 FILED

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NEW YORK STATE TRANSPORTATION BOARD

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 27th day of June in the year 2001 before me personally came Victoria McManus to me know, who, being by me duly sworn, did depose and say that she resides at 64 West 83rd Street, Apt. #4, New York, NY 10024; that she is the duly appointed Vice President of Babcock & Brown Rail Funding LLC the limited liability corporation described in and which executed the above instrument; and that, as such officer, being duly authorized to do so, she signed her name thereto for the purposes therein contained.


Patricia A. Wages

Notary Public, State of New York

Commission Expires: November 13, 2002

PATRICIA A. WAGES
Notary Public, State of New York
No. 01WA6051049
Qualified in Queens County
Commission Expires November 13, 2002

Memorandum of Mortgage

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**Exhibit A
to Memorandum of Mortgage**

EQUIPMENT

Lease #	# Cars	Year Built	Description	Reporting Marks	Casualty Marks
1	175	2000	105 Ton, 50'6" Plate F, 286,000 GRL, double door boxcars, manufactured by Trinity Industries.	BNSF 728225-728399, inclusive.	None
2	47	1996	73' 110 Ton, 286,000 GRL, Centerbeam lumber flatcars, manufactured by National Steel Car Manufacturing.	BCOL 873600-873614, inclusive; 873616-873634, inclusive; 873636-873639, inclusive; and 873641-873649, inclusive.	None.
3	394	1996	111 Ton, 286,000 GRL, 5,161 CF Grain covered hopper railcars, manufactured by Trinity Industries.	FLIX 3500-3899, inclusive.	FLIX 3502, 3551, 3614, 3769, 3857, 3865
4	359	1999	4,300 CF, 286,000 GRL Aluminum coal hopper railcars, manufactured by Johnstown America.	CEFX 60360-60719, inclusive.	CEFX 60527
5	27	1998	6,221 CF, 286,000 GRL, Plastic covered hopper railcars, manufactured by Trinity Industries.	TIMX 62013, 62014, and 62020-62044, inclusive.	None
6	18	1998	6,221 CF, 286,000 GRL, Plastic covered hopper railcars, manufactured by Trinity Industries.	TIMX 62000-62012, inclusive; and 62015-62019, inclusive.	None

Exhibit A

NEWYORK/#76738.3
31256.00.0007

Exhibit B
to Memorandum of Mortgage

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

Lease #

1. Master Net Railcar Lease made as of April 5, 2001, and effective as of April 27, 1999, between The CIT Group/Equipment Financing, Inc. and The Burlington Northern and Santa Fe Railway Company.

Schedule No. 02 to Master Net Railcar Lease made as of June 4, 2001, and effective as of March 1, 2000, entered into by and between The CIT Group/Equipment Financing, Inc. and The Burlington Northern Santa Fe Railway Company.

Memorandum of Net Railcar Lease dated June 4, 2001, between The CIT Group/Equipment Financing, Inc. and The Burlington Northern and Santa Fe Railway Company.

2. Master Railcar Lease made as of July 16, 1998 between The CIT Group/Equipment Financing, Inc. and BC Rail Partnership.

Rider No. 01 to Master Railcar Lease made as of July 16, 1998 between The CIT Group/Equipment Financing, Inc. and BC Rail Partnership.

Internal Memorandum from The CIT Group/Equipment Financing, Inc. dated as of June 22, 1998, indicating acceptability of the indemnification provision of the Master Railcar Lease made as of July 16, 1998.

Letter from BC Rail Partnership to The CIT Group/Equipment Financing dated as of May 22, 1997, describing the risk retention and insurance program for British Columbia Company, its divisions and subsidiaries.

3. Railroad Car Net Lease Agreement dated June 26, 1995 between The CIT Group/Equipment Financing, Inc. (as assignee of Trinity Industries Leasing Company) and Farmland Industries, Inc.

Rider One to Railroad Car Net Lease Agreement dated October 30, 1995 between The CIT Group/Equipment Financing, Inc. (as assignee of Trinity Industries Leasing Company) and Farmland Industries, Inc.

Memorandum of Lease and Assignment of Lease dated as of September 29, 2000, by and between Trinity Industries Leasing Company, as assignor and The CIT Group/Equipment Financing, Inc. as assignee.

4. Master Net Railcar Lease made as of April 5, 2001, and effective as of April 27, 1999, between The CIT Group/Equipment Financing, Inc. and The Burlington Northern and Santa Fe Railway Company.

Schedule No. 01 to Master Net Railcar Lease made as of April 5, 2001, and effective as of April 27, 1999, entered into by and between The CIT Group/Equipment Financing, Inc. and The Burlington Northern and Santa Fe Railway Company.

Memorandum of Master Net Railcar Lease dated April 5, 2001, between The CIT Group/Equipment Financing, Inc. and The Burlington Northern and Santa Fe Railway Company.

5. Railroad Car Net Lease Agreement dated March 31, 1998, between The CIT Group/Equipment Financing, Inc. (as assignee of Trinity Industries Leasing Company) and AT Plastics Inc.

Rider One to Railroad Car Net Lease Agreement dated March 31, 1998, between The CIT Group/Equipment Financing, Inc. (as assignee of Trinity Industries Leasing Company) and AT Plastics Inc.

Memorandum of Lease and Assignment of Lease dated as of September 29, 2000, entered into by and between Trinity Industries Leasing Company, as assignor and The CIT Group/Equipment Financing, Inc. as assignee.

6. Railroad Car Net Lease Agreement dated March 31, 1998, between The CIT Group/Equipment Financing, Inc. (as assignee of Trinity Industries Leasing Company) and AT Plastics Corporation.

Rider One to Railroad Car Net Lease Agreement dated July 9, 1999, between The CIT Group/Equipment Financing, Inc. (as assignee of Trinity Industries Leasing Company) and AT Plastics Corporation.

Memorandum of Lease and Assignment of Lease dated as of September 29, 2000, entered into by and between Trinity Industries Leasing Company, as assignor and The CIT Group/Equipment Financing, Inc. as assignee.